

Message Text

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12/70

ACTION EUR-12

INFO OCT-01 EA-06 NEA-09 ISO-00 FEA-01 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01

H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-03 AF-06 ARA-06 IO-10 OPIC-03 LAB-04 SIL-01 PA-01

PRS-01 USIA-06 /137 W

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R 080039Z FEB 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5351

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

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AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

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AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 03459

C O R R E C T E D C O P Y

PASS TREASURY FOR BENNETT, TEHERAN FOR PARSKY
TAGS: EINV, EFIN, ENRG
SUBJECT: ESTABLISHMENT OF IEA AD HOC GROUP ON FINANCIAL
AND INVESTMENT ISSUES

REFS: (A) IEA/SPC(75)1, (B) OECD PARIS 2687,
(C) STATE 23550

1. SUMMARY: THE IEA GOVERNING BOARD (GB) ESTABLISHED AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES (GFII) ON BASIS MANDATE DRAFTED BY FINANCIAL EXPERTS. ASSISTANT SECRETARY PARSKY ELECTED CHAIRMAN. WHILE NOT DUPLICATING ONGOING WORK IN OECD AND OTHER FORA, GFII WILL SERVE AS A COORDINATING OR SCREENING BODY FOR ALL FINANCIAL ISSUES RELEVANT TO THE CONSUMER/PRODUCER DIALOGUE, PLACING ITS EARLY EMPHASIS ON THREE ISSUES: (A) INVESTMENT OF OPEC COUNTRIES IN DEVELOPING COUNTRIES; (B) INVESTMENT INTO OPEC COUNTRIES; (C) POLICIES WITH REGARD TO OPEC INVESTMENT IN INDUSTRIALIZED COUNTRIES. THE NEXT MEETING OF GFII WILL BE AT THE TIME OF THE NEXT GB MEETING, TO ASSESS PRELIMINARY WORK ON THE THREE ISSUES ABOVE. END SUMMARY.

2. ON THE BASIS OF US PGOPOSAL FOR AN AD HOC GROUP OF FINANCIAL EXPERTS (REFTEL C), GB HAD A BRIEF DISCUSSION AT WHICH GENERAL APPROVAL OF THE IDEA WAS IN EVIDENCE. BASED ON THIS CONSENSUS, CHAIRMAN DAVIGNON ASKED THE GROUP TO MEET SEPARATELY AND TO COME BACK WITH PROPOSED MANDATE FOR APPROVAL BY GB. FINANCIAL EXPERTS ELECTED PARSKY CHAIRMAN. FOLLOWING EXCHANGE OF VIEWS REPORTED IN PARAGRAPH 4 BELOW, GFII REPORTED TO GB AND FOLLOWING MANDATE WAS APPROVED.

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3. BEGIN TEXT: "REPORT BY THE CHAIRMAN OF THE AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES TO THE GOVERNING BOARD:

"1. THE AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES MET TO DISCUSS TOPICS IN THE FINANCIAL FIELD OF DIRECT RELEVANCE TO THE CONSUMER/PRODUCER DIALOGUE AND TO REPORT TO THE GOVERNING BOARD ON HOW WORK IN THIS FIELD MIGHT BE ORGANISED AND CO-

ORDINATED WITH THAT BEING CARRIED OUT IN OTHER BODIES.

"2. THE GROUP AGREED THAT ITS MANDATE OR TASK SHOULD BE TO SERVE AS A CO-ORDINATING OR SCREENING BODY FOR ALL FINANCIAL ISSUES RELEVANT TO THE DIALOGUE. THE GROUP RECOGNISED THAT BASIC ANALYTICAL WORK WAS BEING DONE IN SEVERAL FORA ON FINANCIAL ISSUES, AND IT WAS AGREED THAT THE GROUP WOULD NOT ATTEMPT TO DUPLICATE SUCH WORK. INSTEAD, THE GROUP WOULD DRAW ON THE WORK OF OTHER BODIES AND BE RESPONSIBLE FOR PREPARING POSITIONS FOR THE GOVERNING BOARD. THE GROUP WILL CONSIDER CAREFULLY THE EXTENT TO WHICH WORK ON TOPICS BEING CARRIED OUT BY OTHER BODIES IS ORIENTED TOWARDS PREPARATION FOR A CONSUMER/PRODUCER DIALOGUE, AND WHERE POSSIBLE, ADDITIONAL WORK ON THESE TOPICS WHICH THE GROUP CONSIDERS NECESSARY, OR USEFUL, WILL BE REFERRED BACK TO THE BODY CONCERNED. IT WAS RECOGNISED THAT IT IS IMPORTANT FOR THE GROUP TO BE INFORMED ABOUT ALL ISSUES IDENTIFIED IN ANNEX F TO DOCUMENT IEA/SPC(75)1. THE GROUP AGREED THAT IT WILL TAKE A POSITION ON THE FINANCIAL ASPECTS OF ALL OF THESE ISSUES.

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"3. AFTER REVIEWING VARIOUS SUBJECTS, THE GROUP IDENTIFIED THREE TOPICS ON WHICH IT WOULD PROVIDE INPUT IN THE FORM OF POSITION PAPERS IN THE IMMEDIATE FUTURE:

- (1) INVESTMENT OF OPEC COUNTRIES IN DEVELOPING COUNTRIES (THE OECD SECRETARIAT WILL PRODUCE A PAPER ON WORK UNDER WAY IN OTHER FORA);
- (2) POSSIBILITIES FOR IMPROVEMENT OF ECONOMIC RELATIONS BETWEEN CONSUMER AND PRODUCER COUNTRIES IN AREAS OTHER THAN OIL, INCLUDING INVESTMENT IN PRODUCING COUNTRIES AND TECHNOLOGICAL TRANSFER (THE CHAIRMAN WILL WORK WITH THE OECD SECRETARIAT IN PRODUCING A PAPER);

(3) POLICIES WITH REGARD TO OPEC INVESTMENT IN INDUSTRIAL COUNTRIES (OECD HAS SEVERAL POSSIBLE FORA AND WILL DECIDE SHORTLY WHERE THIS SUBJECT WILL BE ADDRESSED -- THE CHAIRMAN WILL WORK WITH THE CHOSEN FORUM AND DRAW ON ANALYTICAL WORK TO PREPARE A POSITION PAPER). RELATED TO THIS TOPIC IS THE POSSIBLE CREATION OF NEW VEHICLES FOR CHANNELING INVESTMENT. THE APPROPRIATE FORUM FOR DISCUSSING THIS WILL BE IDENTIFIED SHORTLY AND THE GROUP WILL DRAW ON ITS WORK.

"4. IT WAS NOTED THAT TWO OTHER ISSUES, NAMELY INDEXATION AND TRADE REGULATIONS WITH RESPECT TO PRODUCING COUNTRIES, WHICH ARE OF INTEREST TO THE GROUP, WILL COME BEFORE THE GOVERNING BOARD AT ITS NEXT MEETING. THE GROUP DEFERRED A CON-
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SIDERATION OF THEM UNTIL AFTER THAT MEETING.

"5. IT WAS DECIDED TO CONVENE THE NEXT MEETING OF THE GROUP AT THE TIME OF THE NEXT GOVERNING BOARD MEETING, AT WHICH TIME PRELIMINARY PAPERS ON THE THREE TOPICS MENTIONED IN PARAGRAPH 3 WILL BE ASSESSED. IT IS ANTICIPATED THAT SUB-
STANTIVE POSITION PAPERS ON THESE SUBJECTS WOULD BE PRESENTED TO THE GOVERNING BOARD IN LATE APRIL OR MAY." END TEXT.

4. DURING THE DISCUSSION AMONG FINANCIAL EXPERTS ON THE FORMULATION OF THE MANDATE FOR THE AD HOC GROUP, A POSSIBLE MENU OF ISSUES TO BE STUDIED WAS CONSIDERED BY REFERRING TO THE LIST IN REFDOC (A), ANNEX F. PARSKY OPENED THE DISCUSSION BY OUTLINING THE THREE ISSUES HE CONSIDERED NEEDED MOST IMMEDIATE FOCUS: ISSUES 9, 10, 11 (I.E. INTERNAL DEVELOPMENT OF PRODUCER ECONOMIES, INVESTMENT BY OPEC INTO INDUSTRIALIZED COUNTRIES, AND MEASURES TO ENCOURAGE INVESTMENT BY OPEC IN LDC'S). THESE WERE CLEARLY WITHIN THE KEN OF GFII. ISSUES 2, 3, 6, 7 (OF A GENERALLY MACROECONOMIC CHARACTER) WERE CONSIDERED PART OF THE ESSENTIAL INFORMATIONAL STRUCTURE OF THE GFII, BUT WORK WAS ALREADY BEING DONE WITHIN THE OECD ON THESE ISSUES, AND IT DID NOT SEEM NECESSARY AT THIS TIME FOR THE GFII TO DO ANY SPECIAL POSITION PAPERS ON THEM. ISSUE 8 (INDEXATION) AND ISSUE 12 (TRADE REGULATION) ARE LIKELY TO COME UP ON THE AGENDA OF THE NEXT GB, AND THE GROUP DECIDED TO LOOK INTO THESE ISSUES, AS APPROPRIATE. ISSUES 4 AND 5 WOULD SERVE AS USEFUL BACKGROUND FOR THE GROUP, BUT A MORE PROPER FORUM

APPEARED TO BE IN THE LONG-TERM COOPERATION STANDING ROUP.
ISSUE 1 SEEMED TO FALL OUTSIDE OF THE DIRECT AREA OF
RESPONSIBILITY OF THIS COMMITTEE. THE CANADIAN DELEGATE
SUGGESTED THAT THE THREE ISSUES MENTIONED SPECIFICALLY
IN THE CHAIRMAN'S REPORT WERE NOT TO BE CONSIDERED
PRIORITY ISSUES, RATHER MERELY THOSE ISSUES WHICH WOULD
REQUIRE THE MOST IMMEDIATE ATTENTION OF THE GROUP. THE
ITALIAN DELEGATE MAINTAINED THAT THE GFII SHOULD PROVIDE
POSITION PAPERS ON ALL RELEVANT ISSUES, DRAWING ON WORK
DONE IN OTHER FORA, BUT DOING SUBSTANTIVE WORK AS NECES-
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SARY. HE WAS ESPECIALLY CONCERNED WITH LOOKING
INTO THE PROBLEMS OF TRADE REGULATION AND INDEXATION
AS SOON AS POSSIBLE. THE SECRETARIAT COMMENTED THAT
IT WOULD WORK ON ISSUES 9 AND 10 AS SOON AS POSSIBLE (AS
INDICATED IN THE REPORT), ALTHOUGH WORK ON ISSUE 11 FOR
THE GFII WOULD BE IN ABEYANCE UNTIL A PROPER FORUM WAS
SELECTED. PARSKY CONCLUDED THAT WORK WOULD COMMENCE ON
THE THREE AREAS MENTIONED, BUT THAT EVENTUALLY THE GFII
WOULD COMMENT ON ALL OF THE ISSUES OF FINANCIAL RELEVANCE
COMING BEFORE THE GB. TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, FOREIGN INVESTMENTS, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP03459
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750046-1103
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750259/aaaacbow.tel
Line Count: 303
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 IEA/SPC(7, 75 OECD PARIS 2687
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2003 by MartinML>; APPROVED <15 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ESTABLISHMENT OF IEA AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES
TAGS: EINV, EFIN, ENRG, US, OPEC, IEA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006